

SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR

FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	2
SPECIAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Group	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to the Financial Statements	6
INDIVIDUAL FUND STATEMENT	
Statement of Changes in Assets and Liabilities - Tax Fund	13
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	14
MANAGEMENT LETTER	16



INDEPENDENT AUDITOR'S REPORT

Honorable Robert McClure
Tax Collector
Santa Rosa County, Florida

We have audited the accompanying special purpose financial statements of the Office of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2001, as listed in the table of contents. These special purpose financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The accompanying special purpose financial statements were prepared for the purpose of complying with state reporting requirements, as described in Note A, and are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Santa Rosa County, Florida that is attributable to the transactions of the Tax Collector of Santa Rosa County, Florida.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Tax Collector at September 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2001, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Our audit was made for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The statement of changes in assets and liabilities - tax fund is presented for purposes of additional analysis and is not a required part of the special purpose financial statements of the Tax Collector. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the special purpose financial statements taken as a whole.

O'Sullivan Greel, LLP

November 19, 2001

Santa Rosa County, Florida Tax Collector
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
September 30, 2001

	Governmental Fund Type	Fiduciary Fund Type	Account Group	Totals (Memorandum Only)
	General Fund	Agency Fund	General Long-Term Debt	
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$ 28,478	\$ 1,510,133	\$ --	\$ 1,538,611
Miscellaneous receivables	--	9,752	--	9,752
Due from other funds	413,799	--	--	413,799
Amount to be provided for accumulated leave	--	--	119,973	119,973
Total assets	<u>\$ 442,277</u>	<u>\$ 1,519,885</u>	<u>\$ 119,973</u>	<u>\$ 2,082,135</u>
LIABILITIES AND FUND BALANCE				
Escrow deposits	\$ --	\$ 294	\$ --	\$ 294
Due to other governmental units	442,277	1,102,751	--	1,545,028
Due to other funds	--	413,799	--	413,799
Miscellaneous	--	3,041	--	3,041
Accumulated leave	--	--	119,973	119,973
Total liabilities	<u>442,277</u>	<u>1,519,885</u>	<u>119,973</u>	<u>2,082,135</u>
Fund balance	--	--	--	--
Total liabilities and fund balance	<u>\$ 442,277</u>	<u>\$ 1,519,885</u>	<u>\$ 119,973</u>	<u>\$ 2,082,135</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida Tax Collector
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 2,041,640	\$ 2,029,467	\$ (12,173)
Miscellaneous	22,000	21,079	(921)
Total revenues	2,063,640	2,050,546	(13,094)
EXPENDITURES			
Current			
General government			
Financial and administrative			
Personal services	1,224,559	1,224,554	5
Operating	357,050	357,042	8
Capital outlay	31,730	31,728	2
Total expenditures	1,613,339	1,613,324	15
Excess (deficiency) of revenues over expenditures	450,301	437,222	(13,079)
OTHER FINANCING SOURCES (USES)			
BOCC excess fees	(450,301)	(437,222)	13,079
Total other financing sources (uses)	(450,301)	(437,222)	13,079
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	--	--	--
FUND BALANCE, BEGINNING OF YEAR	--	--	--
FUND BALANCE, END OF YEAR	\$ --	\$ --	\$ --

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida Tax Collector
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

1. Reporting Entity

The Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity," established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations.

As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Tax Collector, as established by Article VIII, Section 1(d), of the Constitution of the State of Florida, is an elected official of the County. The Tax Collector is considered part of Santa Rosa County, Florida's primary government for purposes of GASB No. 14. These financial statements of the Tax Collector are issued separately to comply with Section 10.557(3), Rules of the Auditor General for Local Governmental Entity Audits, pursuant to Section 11.45 (8), Florida Statutes.

2. Fund Accounting

The accounting system of the Tax Collector is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Santa Rosa County, Florida Tax Collector
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

The funds and account group utilized by the Tax Collector are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources rather than upon net income determination).

General Fund - the general fund of the Tax Collector is used to account for all financial resources which are generated from operations of the office and any other resources not required to be accounted for in another fund.

Fiduciary Funds

The two types of fiduciary funds are trust funds and agency funds. Of the two, the Tax Collector utilizes only agency funds. Agency funds are used to account for assets being held in a custodial capacity for others. Assets equal liabilities in agency funds and results of operations are not measured. There is one agency fund, the tax fund. The tax fund is used to account for receipts of various types of taxes, licenses, and fees collected on behalf of state, county, and municipal governmental agencies.

Account Group

General Long-Term Account Group - The General Long-Term Account Group is used to establish accountability for the Tax Collector's accumulated leave liability. This self-balancing account group is not a fund and does not reflect available financial resources and related liabilities. This account group reflects all long-term obligations of the Tax Collector.

3. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

Santa Rosa County, Florida Tax Collector
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

4. Cash and Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased.

5. Accounting for Fixed Assets

Fixed assets are recorded as expenditures at the time of purchase. These assets are capitalized at cost and accounted for in the Board of County Commissioners' general fixed assets account group.

6. Budgets and Budgetary Accounting

The Tax Collector establishes an annual budget pursuant to Section 195.087, Florida Statutes. The budget is submitted to the Florida Department of Revenue for approval. A copy is provided to the Board of County Commissioners and is incorporated into the overall county budget. The Tax Collector's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not used.

8. Accumulated Unpaid Leave

The Tax Collector does not accrue a liability for sick leave, annual leave, or compensatory time in the general fund as payments on this liability will not be made with expendable available financial resources. At September 30, 2001, the liability for accumulated sick leave, annual leave, and compensatory time was \$36,889, \$79,696, and \$3,388, respectively. These amounts are recorded in the general long-term debt account group of the Tax Collector.

Santa Rosa County, Florida Tax Collector
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

9. Total Column

The total column is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

The Tax Collector's deposits at year-end are reported at cost and were held by financial institutions designated as "qualified public depositories" by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes.

Florida Statutes authorize the Tax Collector to invest in obligations of the U.S. Treasury and interest bearing time deposits or savings accounts in banks participating in the multiple financial institution collateral pool. In addition, the Tax Collector invests in over-night repurchase agreements collateralized by direct obligations of, or obligations guaranteed by the United State of America.

NOTE C - GENERAL LONG-TERM DEBT

1. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year.

	Balance October 1, <u>2000</u>	Net <u>Reductions</u>	Balance September 30, <u>2001</u>
Accumulated leave	<u>\$ 151,085</u>	<u>\$ 31,112</u>	<u>\$ 119,973</u>

Santa Rosa County, Florida Tax Collector
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE D - LINE OF CREDIT

The Tax Collector has available a line of credit with a bank (secured by the Tax Collector's covenant to budget and appropriate funds) permitting borrowings up to \$100,000. Borrowings under the line bear interest at 3.5% under the lender's prime rate, payable in monthly installments. At September 30, 2001 there was no outstanding balance.

NOTE E - RETIREMENT PLAN

Participation - Employees of the Tax Collector's office participate in the Florida Retirement System, a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon statewide rates established by the State of Florida. During 2001, the Tax Collector contributed an average of 8.69% of each qualified regular employee's gross salary and 16.53% of the elected official's salary. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$87,775, \$91,847 and \$114,888 for the years ended September 30, 2001, 2000, and 1999, respectively.

Benefit Provisions - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 10 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. For DROP participants, the deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

Santa Rosa County, Florida Tax Collector
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE E - RETIREMENT PLAN -- (Continued)

Financial Report of the Plan - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

NOTE F - EXCESS REVENUE

In accordance with Section 218.36, Florida Statutes, excess revenue is remitted proportionately to the various taxing districts at fiscal year end.

NOTE G - OPERATING LEASE

The Tax Collector has operating lease agreements for the rental of the Gulf Breeze and Pace branch offices. Future minimum lease payments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

<u>Year ending</u> <u>September 30,</u>	
2002	\$ 23,595
2003	<u>4,675</u>
	<u>\$ 28,270</u>

Rental expense for the office leases for the year-ended September 30, 2001 was \$19,970.

NOTE H - RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

Workers Compensation
Auto Physical Damage
Auto Liability
Construction and Road Equipment

Santa Rosa County, Florida Tax Collector
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE H - RISK MANAGEMENT -- (Continued)

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$100,000 deductible
- Public Officials' Liability, \$100,000 deductible

Conventional insurance remains in effect for buildings and their contents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage. The Tax Collector participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

INDIVIDUAL FUND STATEMENT

AGENCY FUND

Santa Rosa County, Florida Tax Collector
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX FUND
For the year ended September 30, 2001

	Balances 9/30/00	Additions	Deductions	Balances 9/30/01
<u>Tax Fund</u>				
Assets				
Cash	\$ 1,268,480	\$ 79,640,175	\$ 79,398,522	\$ 1,510,133
Miscellaneous receivables (payables)	12,720	50,904	53,872	9,752
Total assets	<u>\$ 1,281,200</u>	<u>\$ 79,691,079</u>	<u>\$ 79,452,394</u>	<u>\$ 1,519,885</u>
Liabilities				
Escrow deposits	\$ 3,040	\$ 359	\$ 3,105	\$ 294
Due to other governmental units	984,128	68,573,119	68,454,496	1,102,751
Due to other funds	276,439	413,804	276,444	413,799
DMV deposits	7,662	9,166,912	9,174,574	-
Miscellaneous	9,931	290,529	297,419	3,041
Total liabilities	<u>\$ 1,281,200</u>	<u>\$ 78,444,723</u>	<u>\$ 78,206,038</u>	<u>\$ 1,519,885</u>



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Robert McClure
Tax Collector
Santa Rosa County, Florida

We have audited the financial statements of the Office of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2001, and have issued our report thereon dated November 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the Tax Collector, management and appropriate governmental agencies and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

November 19, 2001



MANAGEMENT LETTER

Honorable Robert McClure
Tax Collector
Santa Rosa County, Florida

We have audited the special purpose financial statements of the Office of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2001, and have issued our report thereon dated November 19, 2001.

We have issued our Independent Auditor's Report On Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, dated November 19, 2001. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. a.) require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud, and violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial report have been corrected. There were no such matters disclosed in the preceding annual financial report.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. b.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been implemented. There were no recommendations made in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554 (1) (g) 2.) require that we comment as to whether or not the local government entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds. We determined the Tax Collector is in compliance.

The Rules of Auditor General (Sections 10.554 (1) (g) 3., and 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on compliance and internal control structure: recommendations to improve financial management, accounting procedures and internal controls; violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred, and were discovered within the



scope of the audit; illegal or improper expenditures discovered within the scope of the audit that may or may not materially affect the financial statements; improper or inadequate accounting procedures; failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters which are required to be disclosed by Rules of Auditor General (Sections 10.554 (1) (g) 3., and 4.).

This management letter is intended solely for the information and use of the Tax Collector, management and appropriate governmental agencies and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

November 19, 2001

